Trends 2017:
Tech becomes more integrated, cloud-based and people-focused

By Jan Van Mol, head of global alliances, **SD Worx**

Over the last couple of years, executive perceptions of the HR and payroll function have shifted in the international world of business. Changing workforce patterns and a global war for talent have led companies to try and optimise their processes in a bid to boost employee engagement and improve business performance.

This means HR systems that can integrate payroll with other core HR functionality such as workforce management or performance management are becoming increasingly popular as employers attempt to improve the accuracy of their people data and gain useful insights from it.

As such applications become more widespread over the year ahead, we will also start to see the next wave of global and in-country payroll professionals follow the early adopters and begin testing the waters with predictive analytics. Although the technology was much talked about in 2016, it has yet to be adopted by the majority of multinationals.

The cloud will also continue to transform payroll operations around the world this year. While the wider HR function has been moving cloud-wards for some time now, 2017 will see this software delivery method start to be adopted by both corporates and smaller businesses for payroll systems too. In fact, you could say that we are on the verge of seeing a new era of digitally accessible, automated payroll operations.

Integration drivers

While payroll may be part of HR, it is still too often perceived as somehow separate and standalone and, therefore, requiring less strategic input. Although this situation may be starting to change, many multinationals have yet to realise the fact that their failure to introduce an integrated, comprehensive payroll system costs them dearly in bottom line terms.

The problem is that having disparate systems in place means that data has to be entered two or three times, which increases admin costs. It also makes compliance with country-specific legislation more testing, while analysing people data for trends and to gain accurate, actionable information becomes almost impossible, all of which can hit profitability.

For businesses operating internationally, the need to integrate global payroll systems with other business applications is even more pressing as multiple manual data updates and a multitude of supplier arrangements are costly and time-consuming.

Why predictive analytics?

Organisations' desire for better insight into their global operations is growing year-on-year and accurate payroll data, particularly if combined with information related to issues such as employee performance, helps business leaders to plan more effectively. For example, being able to identify employee attrition and absence patterns makes it easier to forecast recruiting needs more accurately and save money.

Cloud becomes more standard

In 2017, we will witness much wider adoption of cloud-based payroll systems as new entrants increase competition in the market by offering free-to-download applications. These applications are likely to be particularly attractive to smaller firms and could help automate *the final 5% of European companies that still use manual processes to manage their payroll operations*.

While the cloud software delivery model is widely believed to be the future of global payroll, it is important to note that migration will present challenges for some businesses. Organisations with on-premise systems in place will need to plan their move carefully in order to ensure as smooth a transition as possible. A robust IT change management strategy and plan will likewise be crucial in order to minimise costs and ensure a successful outcome. ▶

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A move to people-focused payroll

With Generation Z about to enter the workforce, employers need to think seriously about how to cater to the needs and requirements of these digital natives in payroll terms. Generation Z grew up with technology, is comfortable with it, and has come to expect it – even more so than their Millennial colleagues. This means that organisations unable to cater to these needs will struggle to retain the best talent.

As a result, over the year ahead, we can expect to see more and more employee engagement-related functionality included in global payroll systems. These functions include self-service and user-friendly mobile tools at the front end, and measurement and reporting tools to monitor workforce experiences at the back end. Payroll systems will also start to support the management of reward and recognition benefits such as retail vouchers and massage appointments.

New EU data protection legislation

If global companies operate or provide services to customers in Europe, they are going to have to start preparing for the European Union's (EU) impending *General Data Protection Regulation (GDPR)*, which is due to come into force as of 25 May 2018. The GDPR will implement a single set of data protection standards that apply in a largely uniform manner across all EU countries. But its requirements will also be more stringent, which means that organisations may need to adjust their policies and procedures to fit.

Conclusion

All in all, 2017 is set to be a busy year in terms of technological advances in the payroll sector. And as the business case for making the whole function more efficient continues to rise up the boardroom agenda, we can expect to see a lot more of where that came from over years to come too.

Jan Van Mol has worked for global payroll and human capital management systems provider, *SD Worx*, since 2007. He has been closely involved in internationalising SD Worx Group via acquisitions and strategic partnerships and is currently head of global alliances. Jan was formerly communications director at the Flemish Employers Association.